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**SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU
FINANCIAL REPORT
DECEMBER 31, 2005**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/9/06

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU
Lake Charles, Louisiana

December 31, 2005

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SOUTHWEST LOUISIANA CONVENTION
AND VISITORS BUREAU

December 31, 2005

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Shelley Johnson

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Terry Manuel - District Attorney
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Barbara Hutson Gonzales, CPA, Retired
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CFE - Certified Fraud Examiner
MT - Masters of Taxation
CVA - Certified Valuation Analyst
CFP - Certified Financial Planner

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Southwest Louisiana Convention and Visitors Bureau
Lake Charles, Louisiana

We have audited the accompanying financial statements of the governmental activities of the Southwest Louisiana Convention and Visitors Bureau as of and for the year ended December 31, 2005, as listed in the table of contents. These financial statements are the responsibility of Southwest Louisiana Convention and Visitors Bureau's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Southwest Louisiana Convention and Visitors Bureau as of December 31, 2005, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2006 on our consideration of the Southwest Louisiana Convention and Visitors Bureau's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit prepared in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management discussion and analysis and budgetary comparison information on pages 6 through 12 and 33 through 36, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Southwest Louisiana Convention and Visitors Bureau's basic financial statements. The introductory section and supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Ms Elroy Quirk & Busch

Lake Charles, Louisiana
May 4, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Southwest Louisiana Convention and Visitors Bureau's financial performance provides an overview of the Southwest Louisiana Convention and Visitors Bureau's financial activities for the year ended December 31, 2005.

USING THE ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Southwest Louisiana Convention and Visitors Bureau as a whole and present a longer-term view of the Southwest Louisiana Convention and Visitors Bureau's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Bureau's operations in more detail than the government-wide statements by providing information about the Bureau's most significant funds. The remaining statements provide financial information about activities for which the Bureau acts solely as an agent for the benefit of those outside the government.

Reporting the Southwest Louisiana Convention and Visitors Bureau as a Whole

The Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and the Statement of Activities report information about the Bureau as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Bureau's net assets - the difference between assets and liabilities - as one way to measure the Bureau's financial position. Over time, increases and decreases in the Southwest Louisiana Convention and Visitors Bureau's net assets are one indicator of whether its financial health is improving or deteriorating.

Reporting the Bureau's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the Bureau as a whole. Some funds are required to be established by law. However, the Bureau establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain money. Southwest Louisiana Convention and Visitors Bureau's governmental fund uses a certain account approach described below:

Governmental funds - All of the Bureau basic services are reported in governmental funds, except for one fiduciary fund. The governmental fund focuses on how money flows into and out of those funds and the balance left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Bureau's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Bureau programs.

Reporting the Bureau's Fiduciary Responsibilities

The Bureau is the agent, or fiduciary for the deferred compensation plan. All the Bureau's fiduciary activities are reported in separate Statement of Fiduciary Net Assets. We exclude these activities from the Bureau's other financial statements because the Bureau cannot use these assets to finance its operations. The Bureau is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The Bureau as a Whole

For the year ended December 31, 2005, net assets changed as follows:

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
Current and other assets	\$ 2,218,924	\$ 1,760,965
Capital assets	<u>1,273,178</u>	<u>1,304,925</u>
Total assets	<u>3,492,102</u>	<u>3,065,890</u>
Long-term debt outstanding	(720,000)	(720,000)
Other current liabilities	<u>(297,657)</u>	<u>(275,429)</u>
Total liabilities	<u>(1,017,657)</u>	<u>(995,429)</u>

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
Net assets:		
Invested in capital assets, net of debt	553,178	489,925
Unrestricted	<u>1,921,267</u>	<u>1,580,536</u>
Total net assets	<u>\$ 2,474,445</u>	<u>\$ 2,070,461</u>

The increase in revenues is due to the revenues from the occupancy tax increasing compared to the prior year. The following table provides a summary of the bureau's change in net assets.

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
Program revenues:		
Occupancy tax	\$ 1,960,053	\$ 1,263,170
State grants	136,014	306,396
City of Lake Charles grant	20,000	20,750
Calcasieu Parish Police Jury grant	-	100,000
Advertising	13,775	-
Gift shop	18,023	20,365
General revenues	<u>40,301</u>	<u>18,853</u>
Total revenues	<u>2,188,166</u>	<u>1,729,534</u>
Program expenses:		
Salaries and benefits	654,489	582,965
Advertising, sales and promotions	343,859	349,507
Building maintenance	103,946	26,227
Gift shop	11,158	13,697
Sub recipient grants	247,554	136,903
Conferences and seminars	27,803	32,640
Travel	71,718	72,187
Other program expenses	228,139	214,745
Interest	27,875	39,479
Bond issuance expense	-	6,108
Depreciation	<u>67,641</u>	<u>60,111</u>
Total expenses	<u>1,784,182</u>	<u>1,534,569</u>
Increase in net assets	<u>\$ 403,984</u>	<u>\$ 194,965</u>

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. It also identifies how much each function adds to the general revenues or if it is self-financing through fees.

The following table presents the cost of the Bureau's programs, including the net cost (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial benefit that was provided to the Bureau by this function.

	<u>Total Cost of Services</u>		<u>Net Benefit of Services</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Tourism	<u>\$ 1,784,182</u>	<u>\$ 1,534,569</u>	<u>\$ 363,683</u>	<u>\$ 176,112</u>

The Bureau's Funds

The following schedule presents a summary of the special revenue funds and expenditures for the years ended December 31, 2005 and 2004. Also presented on the schedule is the amount and percentage of increase or decrease from amounts for the year ended December 31, 2004.

	<u>Totals</u>		<u>Change</u>	<u>%</u>
	<u>2005</u>	<u>2004</u>	<u>from 2004</u>	<u>Variance</u>
Revenues:				
Occupancy tax	\$ 1,960,053	\$ 1,263,170	\$ 696,883	55.17%
Interest and dividends	40,109	18,337	21,772	118.73%
Intergovernmental	136,014	306,396	(170,382)	-55.61%
Gift shop	18,023	20,365	(2,342)	-11.50%
Vending	192	518	(326)	-62.93%
City of Lake Charles	20,000	20,750	(750)	-3.61%
Calcasieu Parish Police Jury	-	100,000	(100,000)	-100.00%
Advertising	<u>13,775</u>	<u>-</u>	<u>13,775</u>	<u>0.00%</u>
Total revenues	<u>\$ 2,188,166</u>	<u>\$ 1,729,536</u>	<u>\$ 458,630</u>	<u>26.52%</u>

	<u>Totals</u>		<u>Change</u>	<u>%</u>
	<u>2005</u>	<u>2004</u>	<u>from 2004</u>	<u>Variance</u>
Expenditures:				
Advertising, sales and promotions	\$ 263,745	\$ 262,073	\$ 1,672	.64%
Personnel services	511,040	456,407	54,633	11.97%
Payroll taxes	38,423	38,157	266	.70%
Employee benefits	105,026	88,401	16,625	18.81%
Accounting	15,820	11,235	4,585	40.81%
Automobile	13,802	12,585	1,217	9.67%
Building maintenance	103,946	26,227	77,719	296.33%
Business promotion	80,114	87,434	(7,320)	-8.37%
Convention services	1,382	4,844	(3,462)	-71.47%
Conferences and seminars	26,421	27,796	(1,375)	-4.95%
Equipment contracts	37,781	22,010	15,771	71.65%

(continued on next page)

	<u>Totals</u>		<u>Change</u>	<u>%</u>
	<u>2005</u>	<u>2004</u>	<u>from 2004</u>	<u>Variance</u>
Expenditures (cont.):				
Gift shop	11,158	13,697	(2,539)	-18.45%
Insurance-general	18,671	18,338	333	1.82%
Legal fees	35,533	46,067	(10,534)	-22.87%
Membership	16,426	16,320	106	.65%
Miscellaneous	5,089	6,925	(1,836)	-26.51%
Office	18,845	21,943	(3,098)	-14.12%
Postage	39,418	31,253	8,165	26.13%
Telephone	21,256	17,659	3,597	20.37%
Travel	57,916	59,602	(1,686)	-2.83%
Utilities	19,043	22,740	(3,697)	-16.26%
Vending	257	255	2	.78%
Subrecipient grants	247,554	136,903	110,651	80.82%
Capital outlay	35,904	87,451	(51,547)	-58.94%
Bond retirement	95,000	135,950	(40,950)	-30.12%
Bond issuance expense	-	6,108	(6,108)	-100.00%
Interest expense	27,875	39,479	(11,604)	-29.39%
Total expenditures	<u>\$ 1,847,445</u>	<u>\$ 1,697,859</u>	<u>\$ 149,586</u>	8.81%
Other financing sources (uses):				
Refunding bonds issued	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ (500,000)</u>	-100.00%

- Occupancy tax rate increased from 3% to 4% during 2005.
- Interest dividends increased 118.73% because of increased revenues and decreased expenses over prior year resulting in more funds available to earn interest.
- Intergovernmental funds decreased due to the fact that our Visitor Enterprise Fund appropriation was decreased in the 2005 Legislative session.
- The Calcasieu Parish Police Jury grant received in 2004 was a one time grant.
- Personnel services increased due to new hires and training of sales director, finance administration assistant and media manager positions.
- Employee benefits increased 18.81% because the Bureau added new employees to the insurance plan as they had met the six month requirement for paid insurance. There were less employees on the plan the previous year due to the fact that some employees had not been here long enough.
- Building maintenance increased 296.33% due to Hurricane Rita. The Bureau had expenses relative to major air conditioner repairs, replacement of damaged equipment, chemicals, landscaping repairs. The biggest increase was due to the fact that the Bureau was severely damaged by lake water and the estimate to remediate was \$92,488.

- Equipment contracts increased 71.65% increased due to new copiers that were networked, a new contract for storage and towing for the Bureau float, and a contract for landscape grounds management.
- Sub recipient grants increased due to revenue increases allowing more grants to be awarded by the Bureau.
- Capital outlay decreased due to a one time purchase of a float in 2004.
- Bond retirement decreased due to a one time early retirement that occurred in 2004.

Significant Budget Variances

Over the course of the year, the Bureau revised the special revenue fund budget five times. These amendments increased budgeted revenues by \$254,718.00 and decreased budgeted expenditures by \$146,865.00. A list of the major changes from the original budget and explanations for those changes are as follows:

Revenues:

Increase \$314,957 Occupancy Tax: Taxes collected on the hotel/motel tax were greater than projected at the beginning of the year.

Decrease \$60,000 Inter-governmental: State Sales Tax Rebates for the Calcasieu Visitor Enterprise Fund were less than projected at the beginning of the year.

Expenses:

Decrease \$19,803 Newsletter/Public Affairs: Not all budgeted newsletter and public affairs were able to be performed during the year.

Decrease \$38,195 Building Maintenance: Due to Hurricane Rita some of the scheduled building maintenance did not occur during the year.

Decrease \$29,239 Business Promotion: Not all budgeted business promotion occurred during the year.

Increase \$33,415 Legal Fees: Due to legal work associated with the occupancy tax being increased to 4% in the 2004 Legislative Session the Bureau did not have as many expenditures in 2005 for legal work.

Decrease \$16,644 Travel: Due to Hurricane Rita some of the scheduled travel did not occur during the year.

Increase \$33,860 Capital Outlay: During year board decided to purchase two new vehicles.

Capital Assets

At the end of December 31, 2005 and 2004, the Bureau had \$1,596,914 and \$1,588,410, respectively, in capital assets. See Note 3 for additional information about changes in capital assets during the year. The following table provides a summary of capital asset activity:

	<u>2005</u>	<u>2004</u>
Building	\$ 1,449,511	\$ 1,449,511
Transportation equipment	56,858	53,306
Furniture and fixtures	<u>90,545</u>	<u>85,593</u>
	<u>\$ 1,596,914</u>	<u>\$ 1,588,410</u>

Long-Term Debt

At the end of the fiscal year, the Bureau had total bonded debt outstanding of \$720,000, a decrease from last year as follows:

Outstanding Debt at Year-End

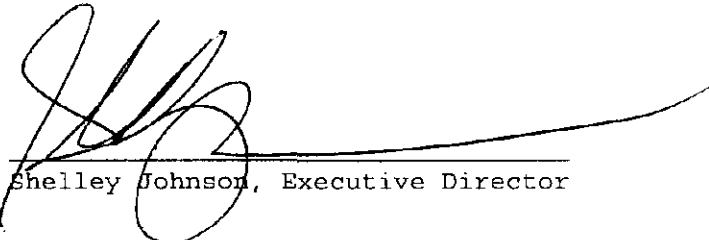
	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
Revenue Bonds (backed by specific tax and fee revenues)	<u>\$ 720,000</u>	<u>\$ 815,000</u>

Economic Factors

In the following year, there will be new hotel infrastructure on line with L'auberge du Lac Hotel & Casino (250 rooms). Occupancy rates continue to be steady due to hurricane recovery. The Lake Front Hotel (260 rooms), formerly Harrah's, will close July 31, 2006 with no re-opening date known at this time.

Contacting the Bureau's Financial Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the Bureau's finances and to show the Bureau's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Bureau's office at 1205 North Lakeshore Drive, Lake Charles, Louisiana.


Shelley Johnson, Executive Director

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF NET ASSETS - GOVERNMENTAL FUNDS
December 31, 2005

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,724,346
Investments	121,894
Accounts receivable	<u>372,684</u>
Total current assets	2,218,924
NONCURRENT ASSETS	
Capital assets, net of accumulated depreciation	<u>1,273,178</u>
Total assets	<u>3,492,102</u>
CURRENT LIABILITIES	
Accounts payable	131,818
Accrued salaries	19,342
Payroll taxes payable	12,369
Other current liabilities	12,234
Deferred compensation benefits	<u>121,894</u>
Total current liabilities	297,657
NONCURRENT LIABILITIES	
Bonds payable	<u>720,000</u>
Total liabilities	<u>1,017,657</u>
NET ASSETS	
Invested in capital assets, net of related debt	553,178
Unrestricted	<u>1,921,267</u>
Total net assets	<u>\$ 2,474,445</u>

The accompanying notes are an integral part of these statements.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
Year Ended December 31, 2005

	<u>Functions/Programs</u>			<u>Total</u>
	<u>Operating</u>	<u>Promotional</u>	<u>Subrecipient Grants</u>	
Expenses:				
Salaries and benefits	\$ 219,254	\$ 435,235	\$ -	\$ 654,489
Advertising, sales and promotions	-	343,859	-	343,859
Building maintenance	103,946	-	-	103,946
Gift shop	-	11,158	-	11,158
Subrecipient grants	-	-	247,554	247,554
Conferences and seminars	-	27,803	-	27,803
Travel	-	71,718	-	71,718
Other program expenses	228,139	-	-	228,139
Interest	27,875	-	-	27,875
Depreciation	<u>59,584</u>	<u>8,057</u>	<u>-</u>	<u>67,641</u>
Total expenses	638,798	897,830	247,554	1,784,182
Program revenues:				
Occupancy tax	638,798	1,321,255	-	1,960,053
State grants	-	136,014	-	136,014
City of Lake Charles grant	-	20,000	-	20,000
Gift shop	-	18,023	-	18,023
Advertising revenues	<u>-</u>	<u>13,775</u>	<u>-</u>	<u>13,775</u>
Net program expense (income)	<u>\$ -</u>	<u>\$ (611,237)</u>	<u>\$ 247,554</u>	<u>(363,683)</u>
General revenue:				
Interest, dividends				40,109
Miscellaneous				<u>192</u>
Total general revenues				<u>40,301</u>
Change in net assets				403,984
Net assets - beginning				<u>2,070,461</u>
Net assets - ending				<u>\$ 2,474,445</u>

The accompanying notes are an integral part of these statements.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

BALANCE SHEET - GOVERNMENTAL FUNDS
SPECIAL REVENUE FUND

December 31, 2005

ASSETS

Cash and cash equivalents	\$ 1,724,346
Investments	121,894
Accounts receivable	<u>372,684</u>
 Total assets	 <u>\$ 2,218,924</u>

LIABILITIES AND FUND EQUITY

Liabilities:

Accounts payable	\$ 131,818
Accrued salaries	19,342
Payroll taxes payable	12,369
Other current liabilities	12,234
Deferred compensation benefit	<u>121,894</u>
Total liabilities	<u>297,657</u>

Fund equity:

Fund balance:	
Unreserved:	
Designated for special projects	1,581,197
Undesignated	<u>340,070</u>
Total fund equity	<u>1,921,267</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds, net of accumulated depreciation of \$323,736	1,273,178
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Some liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds	<u>(720,000)</u>
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Net assets of government activities	<u>\$ 2,474,445</u>
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The accompanying notes are an integral part of these statements.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
GOVERNMENTAL FUNDS

SPECIAL REVENUE FUND

Year Ended December 31, 2005

Revenues:

Occupancy tax	\$ 1,960,053
Interest, dividends	40,109
Intergovernmental	136,014
Gift shop	18,023
Vending	192
City of Lake Charles	20,000
Advertising revenues	<u>13,775</u>
Total revenues	<u>2,188,166</u>

Expenditures:

Advertising, sales and promotions:

Ad specialties	11,754
Audio-visual/production	3,534
Media advertising	169,931
Newsletter/public affairs	18,044
Outdoor advertising	18,758
Printer literature	<u>41,724</u>
Total advertising, sales and promotions	<u>263,745</u>

Personnel services:

Salaries-full time	407,333
Salaries-assistants	103,707
Payroll taxes	38,423
Employee benefits	<u>105,026</u>
Total personnel services	<u>654,489</u>

Operations:

Accounting	15,820
Automobile	13,802
Building maintenance	103,946
Business promotion	80,114
Convention services	1,382
Conferences and seminars	26,421
Equipment contracts	37,781
Gift shop	11,158
Insurance-general	18,671
Legal fees	35,533
Membership	16,426

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SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
GOVERNMENTAL FUNDS
SPECIAL REVENUE FUND
Year Ended December 31, 2005
(Continued)

Expenditures (cont.):	
Operations (cont.):	
Miscellaneous	5,089
Office	18,845
Postage	39,418
Telephone	21,256
Travel	57,916
Utilities	19,043
Vending	<u>257</u>
Total operations	<u>522,878</u>
Subrecipient grants:	
Creole Nature Trail Scenic Byways	168,319
Cameron Parish matching grants	<u>79,235</u>
Total subrecipient grants	<u>247,554</u>
Capital outlay:	
Furniture and equipment	4,952
Transportation equipment	<u>30,952</u>
Total capital outlay	<u>35,904</u>
Debt service:	
Bond retirement	95,000
Interest expense and fees	<u>27,875</u>
Total debt service	<u>122,875</u>
Total expenditures	<u>1,847,445</u>
Net change in fund balance	340,721
Fund balance - beginning	<u>1,580,546</u>
Fund balance - ending	<u>\$ 1,921,267</u>

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SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
GOVERNMENTAL FUNDS

SPECIAL REVENUE FUND

Year Ended December 31, 2005

(Continued)

Reconciliation of the change in fund balances -
total governmental funds to the change in net
assets of governmental activities:

Net change in fund balances-total governmental funds \$ 340,721

Amounts reported for governmental activities in the
statement of activities are different because:

Governmental funds report capital outlay while
governmental activities report depreciation
expense to allocate those expenditures over
the life of the assets:

Capital asset purchases capitalized	41,860
Depreciation expense	(67,641)
Loss on trade in of capital assets	(5,956)

Repayment of bond principal is an expenditure
in the governmental funds, but the repayment
reduces long-term liabilities in the statement
of net assets.

95,000

Change in net assets of governmental activities \$ 403,984

The accompanying notes are an integral part of these statements.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF NET ASSETS - FIDUCIARY FUNDS

December 31, 2005

ASSETS

Investments	<u>\$ 162,394</u>
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LIABILITIES

Deferred compensation benefits	<u>\$ 162,394</u>
--------------------------------	-------------------

The accompanying notes are an integral part of these statements.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
Year Ended December 31, 2005

ADDITIONS

Employee contributions	\$ 27,376
Net appreciation in fair value of investments	<u>7,992</u>
Total additions	35,368

DEDUCTIONS

Employee withdrawal	<u>29,179</u>
Change in net assets	6,189
Net assets held in agency funds:	
Beginning of year	<u>156,205</u>
End of year	<u>\$ 162,394</u>

The accompanying notes are an integral part of these statements.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of the Southwest Louisiana Convention and Visitors Bureau have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Bureau's more significant accounting policies are described below.

A. NATURE OF BUSINESS

The operations of the Southwest Louisiana Convention and Visitors Bureau are to promote conventions and tourism in the Calcasieu Parish area.

B. REPORTING ENTITY

The Southwest Louisiana Convention and Visitor's Bureau was created in 1972 by an Act of the Louisiana Legislature. That Act was amended and reenacted by Act 47 to create the Bureau as a political subdivision of the State of Louisiana effective for 1997 with the purpose of promoting conventions and tourism in the Calcasieu Parish area. During 2000 the Louisiana Legislature increased the seven person governing board to an eleven person Board of Directors. The following governmental bodies appoint members to and are represented on the Board:

Calcasieu Parish Police Jury-six members
The City of Lake Charles-three members
West Calcasieu Community Center Authority-one member
The City of Sulphur-one member

The financial statements of the Bureau include all operations and activities of the Bureau under control and authority of the Board of Directors and it was determined that no other agency should be included in this reporting entity.

C. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government.

The Statement of Net Assets and the Statement of Activities report financial information for the Bureau as a whole. However, the Statement of Activities reports the expense of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) grants received from state and local governments used to promote Southwest Louisiana; and (2) 4% occupancy tax revenue. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

FUND FINANCIAL STATEMENTS

The Southwest Louisiana Convention and Visitors Bureau uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The financial statements in this report are grouped into the following fund types:

One governmental fund type, a special revenue fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

One fiduciary fund type, an agency fund used to account for the deferred compensation plan. Agency funds are custodial in nature and do not involve measurement of operations.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus refers to what is being measured. Basis of accounting refers to when revenues and expenditures (or expenses) are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made regardless of the measurement focus applied.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for government funds. The primary effect of internal activity (between or within funds) has been eliminated from the government-wide financial statements.

The Bureau uses the modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues when both "measurable and available". Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include: occupancy tax, interest, dividends, and intergovernmental revenue.

The Bureau's records are maintained on a cash basis of accounting. However, the funds reported in the accompanying financial statements have been converted to a modified accrual basis of accounting utilizing the following practices:

Revenues:

Revenues collected in the current period that were measurable and available as net current assets of the prior period are adjusted out of current revenue. Uncollected revenues that are measurable and available as net current assets of the current period are recognized as revenue.

Expenditures:

Expenditures are adjusted to record in the current period only those expenditures for which the related fund liability was incurred in the current period.

Advertising:

The Bureau elects to expense advertising cost as incurred. The advertising cost for the year ended December 31, 2005 amounted to \$343,859.

Pervasiveness of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. BUDGETS AND BUDGETARY ACCOUNTING

The Director and the budget committee submits to the Board of Directors a proposed budget prior to the beginning of the fiscal year. The operating budget includes proposed expenditures and the means of financing them. The budget is prepared using the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). Budgeted amounts are as amended by the Board of Directors.

After a complete review the budget is approved. Any revisions that alter total expenditures must be approved by the Board. Formal budgetary integration is employed as a management control device during the year. All budgetary appropriations lapse at the end of each fiscal year.

During the year ended December 31, 2005, budgeted amounts for revenues were increased approximately \$265,323 and expenditures were decreased approximately \$146,865. The major part of the revenue changes is represented by an increase in occupancy tax and a decrease in grant income from those amounts originally budgeted. The major part of the expenditure changes is represented by decreases in advertising, sales and promotions, and building maintenance. Encumbrance accounting is not used.

F. DEPOSITS AND INVESTMENT DEPOSITS

DEPOSITS

Deposits include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Bureau.

State statutes authorize the Bureau to invest in obligations of the US Treasury, US Government Agencies, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana, as stipulated in R.S. 39:1271, or any other federally insured investment. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana which generates a local government investment pool. Investments in LAMP at December 31, 2005 totaled \$1,581,197.

Credit Risk. The Bureau's policy requires deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance (FDIC). As of December 31, 2005, the Bureau has \$96,221 on deposit secured by collateral.

INVESTMENTS

As of December 31, 2005, the Bureau had the following investments and maturities.

<u>Investment Type</u>	<u>Investment Maturities</u> <u>(in Years)</u>	
	<u>Fair</u> <u>Value</u>	<u>Less</u> <u>Than 1</u>
Merrill Lynch	\$ 121,894	\$ 121,894

Interest Rate Risk. The Bureau does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The Bureau's investments program is limited to purchases of securities issued or guaranteed by the U.S. Government and its agencies.

G. CAPITAL ASSETS AND DEPRECIATION

The accounting and reporting treatment applied to capital assets associated with a fund are determined by their measurement focus. General capital assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets are historical cost, or what historical cost is not available, estimated historical cost based on replacement cost. The minimum capitalization threshold is any individual item with a total cost greater than \$1,500.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	15 to 40 years
Improvements, other than building	5 to 40 years
Machinery and equipment	3 to 15 years
Furniture and fixtures	3 to 10 years

H. COMPENSATED ABSENCES

The Bureau has the following policy related to vacation and sick leave:

The cost of current leave and sick pay are recognized as current year expenditures when leave is actually taken. Vacation and sick pay do not accrue from year to year.

I. BAD DEBTS

No reserve for uncollectible receivables had been recorded as of December 31, 2005, as all receivables were considered collectible.

J. FUND EQUITY

Designated fund balance:

Designated fund balances represent tentative plans for future use of financial resources. The Bureau has designated \$1,581,197 of its Special Revenue Fund equity for various special projects as explained in Note 6.

Note 2. Lease Agreement

The Bureau occupies property it has leased through a joint service agreement with the City of Lake Charles. The agreement provides the Bureau use of the land at no cost.

Note 3. Capital Assets

Capital asset activity for the year ending December 31, 2005 was as follows:

	Balance 1/1/05	Additions	Deductions	Balance 12/31/05
Governmental activities:				
Building	\$ 1,449,511	\$ -	\$ -	\$ 1,449,511
Furniture and equipment	85,593	4,952	-	90,545
Transportation equipment	<u>53,306</u>	<u>36,908</u>	<u>33,356</u>	<u>56,858</u>
Totals at historical cost	<u>1,588,410</u>	<u>41,860</u>	<u>33,356</u>	<u>1,596,914</u>
Less accumulated depreciation:				
Building	219,325	38,728	-	258,053
Furniture and equipment	21,753	17,214	-	38,967
Transportation equipment	<u>42,407</u>	<u>11,699</u>	<u>27,390</u>	<u>26,716</u>
Total accumulated depreciation	<u>283,485</u>	<u>67,641</u>	<u>27,390</u>	<u>323,736</u>
Government activities capital assets, net	<u>\$ 1,304,925</u>	<u>\$ (25,781)</u>	<u>\$ 5,966</u>	<u>\$ 1,273,178</u>

Note 4. Long-Term Debt

Long-term debt is comprised of the following at December 31, 2005:

Excess Revenue Certificates of Indebtedness 2004
Series A payable to Argent Trust Company in the original amount of \$400,000; dated April 1, 2004; bearing an interest rate of 3.00% fixed, payable July 1, 2004, and semi-annually thereafter on January 1 (principal and interest) and July 1 (interest) each year. These certificates were issued for the purpose of currently refunding \$400,000 of its currently outstanding Excess Revenue Certificates of indebtedness, Series 1998, dated January 1, 1998. The certificates are secured by and payable in principal and interest from irrevocable pledge and dedication of the excess of annual revenues of the issuer,

those funds and monies of the issuer budgeted, allocated, available, dedicated, set aside or otherwise to be utilized to fund or make debt service payments, and the revenues, income, receipts and funds of the issuer derived from the monies appropriated from any fund created in Chapter 2-B of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950, as amended (collectively the "Revenues") of the issuer

\$ 220,000

Excess Revenue Certificates of Indebtedness 2004

Series B payable to Argent Trust Company in the original amount of \$500,000; dated April 1, 2004; bearing a variable interest rate between 3.25% and 4.00%, payable July 1, 2004, and semi-annually thereafter on January 1 (principal and interest) and July 1 (interest) each year. The certificates are secured by and payable in principal and interest from irrevocable pledge and dedication of the excess of annual revenues of the issuer, those funds and monies of the issuer budgeted, allocated, available, dedicated, set aside or otherwise to be utilized to fund or make debt service payments, and the revenues, income, receipts and funds of the issuer derived from any monies appropriated from any fund created in Chapter 2-B of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950, as amended (collectively the "Revenues") of the issuer

500,000

\$ 720,000

Summary of changes in long-term debt:

	Balance			Balance	Due
	12/31/04	Additions	Retirements	12/31/05	Within One Year
Excess revenue Certificates of Indebtedness 2004					
Series A	\$ 315,000	\$ -	\$ 95,000	\$ 220,000	\$ -
Excess revenue Certificate of Indebtedness 2004					
Series B	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
Total long-term debt	<u>\$ 815,000</u>	<u>\$ -</u>	<u>\$ 95,000</u>	<u>\$ 720,000</u>	<u>\$ -</u>

On April 28, 2004, the Bureau issued \$400,000 in revenue bonds with a net interest rate of 3.00% to advance refund \$400,000 of outstanding 1998 series bonds with a net interest rate of 4.83%. The Bureau advance refunded the 1998 series bonds to reduce its total debt service payments over the next four years by approximately \$21,000 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$6,200. The Bureau also issued an additional \$500,000 in revenue bonds on April 28, 2004 to fund new projects.

The annual requirements to amortize all general obligation debt outstanding as of December 31, 2005 including interest of \$99,846, are as follows:

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2006	\$ -	\$ 12,513
2007	105,000	23,450
2008	115,000	20,150
2009	75,000	17,207
2010	80,000	14,688
2011-2014	345,000	11,888

Note 5. Compensation for Board of Directors

The Board of Directors received no compensation for the year ended December 31, 2005.

Note 6. Unreserved-Designated Funds

The Board of Directors has designated fund balances to provide for the following projects:

Costume Fund	\$ 8,065
Vehicle Fund	53,144
Building repair improvements	159,926
Employee enhancement	13,305
Bond retirement fund	304,812
Major expenditure fund	346,153
Sports (loc)	163,532
CNT awards	66,073
New bond account	399,726
T.E.D. Zone grant	10,920
Fire alarm dispute	1,609
Advertising fund	51,432
Dining guide fund	<u>2,500</u>
	<u>\$ 1,581,197</u>

Note 7. Occupancy Tax

Act 47 of the Louisiana Legislature authorized the Southwest Louisiana Convention and Visitors Bureau to levy and collect a 4% tax upon the occupancy of hotel rooms, motel rooms, and overnight camping facilities within its jurisdiction. The jurisdiction of the Bureau is composed of all the territory in Calcasieu Parish. The proceeds of the tax shall be used by the Bureau for the operation of the Bureau, and for the purpose of attracting conventions and tourists into the area, and jurisdiction of the Bureau including, but not limited to, the authority to spend money for advertising, promotion, and publication of information, or for any other purpose generally or specifically authorized for occupancy taxes in the parish by this Act 47 or by any local, special, or general law.

Note 8. Intergovernmental Revenue

Intergovernmental revenue received during 2005 from the State of Louisiana Calcasieu Visitor Enterprise Fund amounted to \$136,014. The Louisiana Legislature created in the State Treasury a "Calcasieu Visitor Enterprise Fund". Monies in the fund are appropriated to the Southwest Louisiana Convention and Visitors Bureau to be used for tourism development purposes, including, but not limited to, support for historic preservation and arts and humanities.

Note 9. Deferred Compensation Plan

The Bureau offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Bureau employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

ING Financial Advisers, LLC is managing the 457 plan. The choice of the investment options for the Section 457 plan is made by the employee.

A model Rabbi trust agreement has been established for Shelley Johnson, Executive Director. This plan is a nonqualified deferred compensation plan.

Note 10. Budgetary - GAAP Reconciliation

The accompanying statement of revenues, expenditures and changes in fund balance-budget and actual presents comparisons of the legally adopted budget more fully described in Note 1 with actual data on a budgetary basis. This statement also includes a reconciliation of resultant basis, timing, perspective and entity differences in excess of revenues and other sources of financial resources over expenditures and other uses of financial resources for the year ended December 31, 2005.

Note 11. Cooperative Endeavor Agreement

The Southwest Louisiana Convention and Visitors Bureau (Bureau) has entered into agreements with the Louisiana Department of Transportation (DOTD). The DOTD, with the assistance of the Federal Highway Administration (FHWA) has implemented a Louisiana Scenic Byways Program to improve the Creole Nature Trail. The costs of the projects are a joint participation between the FHWA and the Bureau, with the Bureau contributing the 20% match of the participating cost and the FHWA contributing, through the DOTD, the remaining 80% at the time of authorization.

On December 16, 1999, the Southwest Louisiana Convention and Visitors Bureau (Bureau) entered into a cooperative endeavor agreement with the Creole Nature Trail Scenic Byway District (District) related to the DOTD agreements. This agreement continues in effect. The District bound itself to the DOTD Agreements to the same extent as if it had been a party thereto and to undertake the projects described in the Agreements. The grants for the projects described in the Agreements were applied for by the Bureau on behalf of the District. The Bureau submits claims to the DOTD for reimbursement of 80% of the project costs and upon receipt of the funds, remits to the District a like amount. The District administers the grant funds, including the local matching funds and reports all disbursements to the Bureau quarterly.

During 2005 the following funds were administered by the Creole Nature Trail Scenic Byway District:

Revenue:

Intergovernmental revenue:

Louisiana Department of Transportation and	
Development and Federal Highway Administration	\$ 46,417
Southwest Louisiana Convention and Visitors	
Bureau	58,562
Corporate donations	1,500
Interest	<u>8,172</u>
Total revenue	<u>114,651</u>

Expenditures:

Current operating:

Advertising	10,350
Trade shows	508
Interpretive kiosk	2,983
Byway marker signs	42,798
Hurricane Center	11,440
Newsletter	738
Action plan	3,725
Seed grant	6,723
Accounting	<u>1,700</u>
Total expenditures	<u>80,965</u>

Excess of revenue over expenditures	<u>\$ 33,686</u>
-------------------------------------	------------------

Note 12. Commitments and Contingencies

Loss contingency:

In September 2005, a hurricane struck Southwest Louisiana causing widespread property damage. The Bureau is located within this region. At the time of this report, the Bureau can not estimate the expense that will be required to repair its assets or the amount to be received from the insurance policy.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2005

Required supplementary information includes financial information and disclosures that are required by GASB and are not considered a part of the basic financial statements. Such information includes:

- Budgetary comparison schedules - Special Revenue Fund

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND TYPES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE

Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Budget to</u> <u>GAAP</u> <u>Differences</u> <u>Over (Under)</u>	<u>Actual</u> <u>Amounts</u> <u>GAAP</u> <u>Basis</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Occupancy tax/interest	\$ 1,414,100	\$ 1,729,057	\$ 1,702,429	\$ (257,624)	\$ 1,960,053
Interest, dividends	1,500	4,367	40,109	-	40,109
Intergovernmental	260,000	200,150	136,014	-	136,014
Gift shop	20,000	17,122	18,023	-	18,023
Vending	600	222	192	-	192
City of Lake Charles	20,750	20,750	20,000	-	20,000
Advertising revenues	-	-	13,775	-	13,775
Total revenues	<u>1,716,950</u>	<u>1,971,668</u>	<u>1,930,542</u>	<u>(257,624)</u>	<u>2,188,166</u>
Expenditures:					
Advertising, sales and promotions:					
Ad specialties	22,050	12,337	12,100	346	11,754
Audio-film and video	14,400	3,520	3,549	15	3,534
Media advertising	182,100	166,557	174,356	4,425	169,931
Newsletter/public affairs	24,000	4,197	18,117	73	18,044
Outdoor advertising	19,860	19,860	18,758	-	18,758
Printed literature	<u>48,500</u>	<u>41,060</u>	<u>41,724</u>	<u>-</u>	<u>41,724</u>
Total	<u>310,910</u>	<u>247,531</u>	<u>268,604</u>	<u>4,859</u>	<u>263,745</u>
Personnel services:					
Salaries-full time	405,000	405,000	407,333	-	407,333
Salaries-assistants	117,000	103,708	103,707	-	103,707
Salaries-contract	1,000	-	-	-	-
Net payroll taxes	52,200	40,215	40,304	1,881	38,423
Net group insurance	<u>110,000</u>	<u>105,026</u>	<u>105,026</u>	<u>-</u>	<u>105,026</u>
Total	<u>685,200</u>	<u>653,949</u>	<u>656,370</u>	<u>1,881</u>	<u>654,489</u>
Operations:					
Accounting	11,000	15,900	15,820	-	15,820
Automobile	14,000	14,000	14,432	630	13,802
Building maintenance	50,818	12,623	11,695	(92,251)	103,946
Business promotion	109,700	80,461	82,175	2,061	80,114
Complimentary convention services	6,650	1,389	1,382	-	1,382

(continued on next page)

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND TYPES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE

Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Budget to</u> <u>GAAP</u> <u>Differences</u> <u>Over (Under)</u>	<u>Actual</u> <u>Amounts</u> <u>GAAP</u> <u>Basis</u>
	<u>Original</u>	<u>Final</u>			
Expenditures (cont.):					
Operations (cont.):					
Conferences/seminars	35,740	23,295	29,928	3,507	26,421
Equipment contracts	45,000	37,768	37,781	-	37,781
Gift shop	13,900	10,878	11,852	694	11,158
Insurance-general	22,000	18,481	18,862	191	18,671
Legal fees	30,000	63,415	38,373	2,840	35,533
Membership dues	17,000	17,000	16,566	140	16,426
Miscellaneous/books/ subscriptions	10,000	10,000	5,089	-	5,089
Office	21,000	18,059	19,959	1,114	18,845
Postage	40,800	39,158	39,679	261	39,418
Telephone	19,800	19,800	23,744	2,488	21,256
Travel	76,575	59,931	62,511	4,595	57,916
Utilities	27,000	20,652	21,155	2,112	19,043
Vending	300	257	257	-	257
Total	<u>551,283</u>	<u>463,067</u>	<u>451,260</u>	<u>(71,618)</u>	<u>522,878</u>
Subrecipient grants	<u>202,800</u>	<u>215,526</u>	<u>270,026</u>	<u>22,472</u>	<u>247,554</u>
Debt service:					
Interest expense	-	-	27,875	-	27,875
Bond retirement	<u>122,875</u>	<u>122,875</u>	<u>95,000</u>	<u>-</u>	<u>95,000</u>
Total	<u>122,875</u>	<u>122,875</u>	<u>122,875</u>	<u>-</u>	<u>122,875</u>
Sale of fixed assets	-	(10,605)	-	-	-
Capital outlay	<u>8,000</u>	<u>41,860</u>	<u>41,860</u>	<u>-</u>	<u>41,860</u>
Total expenditures	<u>1,881,068</u>	<u>1,734,203</u>	<u>1,810,995</u>	<u>(42,406)</u>	<u>1,853,401</u>
Excess (deficiency) of revenues over expenditures	(164,118)	237,465	119,547	(215,218)	334,765
Fund balances - beginning	<u>1,593,011</u>	<u>1,593,011</u>	<u>1,580,536</u>	<u>-</u>	<u>1,580,536</u>
Fund balances - ending	<u>\$ 1,428,893</u>	<u>\$ 1,830,476</u>	<u>\$ 1,700,083</u>	<u>\$ (215,218)</u>	<u>\$ 1,915,301</u>

(continued on next page)

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND TYPES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

SPECIAL REVENUE

Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Budget to</u> <u>GAAP</u> <u>Differences</u> <u>Over (Under)</u>	<u>Actual</u> <u>Amounts</u> <u>GAAP</u> <u>Basis</u>
	<u>Original</u>	<u>Final</u>			
Explanation of differences:					
To adjust revenues for accruals				\$ 257,624	
To adjust expenditures for accruals				(42,406)	
Net increase in fund balance - budget to GAAP				\$ 215,218	

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CFE - Certified Fraud Examiner
MT - Masters of Taxation
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Southwest Louisiana Convention and Visitors Bureau
Lake Charles, Louisiana

We have audited the financial statements of the governmental activities of the Southwest Louisiana Convention and Visitors Bureau as of and for the year ended December 31, 2005, and have issued our report thereon dated May 4, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Southwest Louisiana Convention and Visitors Bureau's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. A reportable condition involves matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Bureau's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described below:

1. Because of the Bureau's size and the limited number of accounting personnel, it is not feasible to segregate duties to achieve effective internal accounting control. This matter was also reported as a reportable condition in our prior year's report.

Management's response:

Management of the Bureau has considered this weakness and determined that it would not be cost effective to employ sufficient personnel to obtain adequate segregation of duties. Management has attempted to mitigate this weakness by its supervision and review procedures.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southwest Louisiana Convention and Visitors Bureau's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Prior Year Audit Findings Reportable Conditions

Inadequate segregation of duties. This matter has been discussed above.

This report is intended solely for the information and use of the Board of Directors, management, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Ms Eloy Quirk & Burch

Lake Charles, Louisiana
May 4, 2006